



2019 Annual Report

**Empowering Innovative and
Accountable Economic Growth**

April 23, 2020



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

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Abstract

Since its creation in 2004, MCC has transformed lives and created opportunities in its partner countries by focusing on one mission: reducing poverty through economic growth. By taking a country-led, results-driven approach to foreign assistance, MCC empowers the poor and catalyzes private investment for public good, creating a more secure world with more opportunities for economic growth at home and abroad.

Introduction

A Message from Secretary of State Michael R. Pompeo

The United States has been – and always will be – a force for good around the world. The Millennium Challenge Corporation (MCC) continues our historic legacy through its core mission of reducing poverty through private sector-led economic growth and promoting American values.

The MCC reflects America’s longstanding commitment to partnership by helping countries to determine their greatest needs. We design solutions together, creating local employment in the process. Our approach stands in contrast with that of other countries, like China, that encourage unsustainable debt and create dependencies that erode national sovereignty.

The MCC uses an innovative model based on the principles of inclusiveness, transparency, and innovation. It sets a high standard for effective development assistance and stewardship of taxpayer resources, puts the onus on partner countries to drive success and promote shared values, and partners with countries that value democratic rights, the rule of law, sovereignty, and women’s economic empowerment. In doing so, the MCC helps create a more secure and equitable world for all.

The MCC delivers results that touch people’s lives. It helps nations build electrical transmission lines. It creates transport infrastructure and develops long-term sources of water supply. The MCC gives people the skills they need to get better jobs. The MCC shows that accountability, transparency, data-driven decision making, and cost-effective projects lead to the results countries need.

These partnerships of results preserve freedom and push back against corrupt and authoritarian regimes. Prosperous states can better share the burden of confronting common threats. States that evolve from being recipients of development assistance to being robust trading partners generate greater economic opportunities for both countries.

The MCC is an exemplar of America’s commitment to help countries achieve prosperity through self-reliance. We will continue to lead that vital mission, to the benefit of our own citizens and the world.

Sincerely,

Michael R. Pompeo

Secretary of State

A Message from Chief Executive Officer Sean Cairncross

MCC was created with broad bipartisan support to apply a new model for foreign assistance –one built on lessons of development experience and founded on the principles of transparency and accountability. Fiscal year 2019 marked MCC’s 15th year of driving innovative growth and accountable results within its

partner countries around the world. Since our inception in 2004, we have continued to employ a private-sector approach in each of our programs, combining development expertise with rigorous analysis to maximize each dollar spent in our efforts to reduce poverty through economic growth and open new markets for U.S. businesses around the globe.

It is an incredible honor to serve as Chief Executive Officer of the Millennium Challenge Corporation, leading such a talented and remarkable staff dedicated to such an important mission. Fiscal year 2019 was full and rewarding for MCC – we expanded our leadership abroad, formed new and exciting strategic partnerships, focused our strategic direction, and produced measurable results for beneficiaries around the world on behalf of the American people.

In the course of its existence, MCC has signed 37 compacts with 29 countries, worth more than \$13 billion. These compacts are expected to benefit nearly 190 million people worldwide by boosting economies, building key infrastructures, and empowering citizens through stronger social and democratic rights. MCC's 15th year in operation closed on a successful note, with major milestones achieved during fiscal year 2019. A few of these are highlighted below:

Launch of the Women's Global Development and Prosperity (W-GDP) Initiative

MCC is a key partner in the Women's Global Development and Prosperity (W-GDP) initiative, which the White House launched in February 2019 under the leadership of Advisor to the President Ivanka Trump. This is the first whole-of-government approach to prioritize the critical role of women in driving economic success and stability in nations around the world. Women's economic empowerment has been a pillar for MCC since its inception, and the W-GDP initiative has been a tool to consolidate the U.S. government efforts in this important area. We are already seeing the impact of this collaboration – MCC and Advisor Trump worked closely with the Government of Morocco for the December 2019 adoption and implementation of legal reforms to land rights that aim to boost women's economic empowerment. Similarly, Côte d'Ivoire passed new laws in July 2019 to strengthen women's rights as part of the government's ongoing efforts to improve the country's performance on MCC's scorecard.

I also had the chance to see the impact of our work on women's economic empowerment firsthand when I visited Malawi in August 2019. I met with women who have successfully lifted themselves out of poverty with sustainable skills learned through MCC's first compact with Malawi, such as electrical engineering students earning degrees through an MCC-sponsored scholarship.

To further incorporate women's economic empowerment into our work, in fiscal year 2019 MCC expanded its Gender in the Economy indicator on our scorecards from 10 issue areas to 40 issue areas. This indicator uses the World Bank's Women, Business, and the Law data to more fully incorporate all aspects of women's economic empowerment.

MCC and the BUILD Act

The BUILD Act, signed into law by President Trump in October 2018, is bipartisan legislation that

provides for the establishment of the U. S. International Development Finance Corporation (DFC) to facilitate private-sector investment in developing countries, extending the impact of U.S. foreign assistance and contributing to foreign policy objectives and making it easier for American businesses and institutional investors to work in developing economies. In fiscal year 2019, MCC played an active role in the interagency discussions regarding BUILD Act operationalization, offered insights, and data from the MCC portfolio, and started discussions about potential areas for future collaboration. MCC's expertise in conducting economic analysis, leveraging private sector investment, and incentivizing policy and institutional reforms positions the agency to make significant contributions to the overall impact of the BUILD Act. Further, MCC's expertise contributes to the ability of U.S. foreign assistance to create jobs, expand markets, and reduce poverty through economic growth. It is expected that MCC will remain a strategic development partner to the DFC in fiscal year 2020, and in years to come, to maximize development impact, and maintain global leadership in development and blended finance.

Partnerships

MCC remains committed to leveraging partnerships to amplify our impact around the world, including creating new opportunities for private sector investment and blended finance. The impact of partnerships on our compacts cannot be overstated. For example, in Georgia, our \$140 million second compact—which closed out in July 2019—leveraged \$19 million in additional funds from the private sector, U.S. Embassy, and Government of Georgia contributions.

Our private sector partnerships have also had significant impact in MCC's compact in El Salvador, which launched the country's first full-scale Public Private Partnership to enable the Government of El Salvador to tap private capital to finance, develop, and manage key infrastructure needed to increase productivity and private investment. The activity saw the completion of \$126.5 million in private investment under the El Salvador Investment Challenge. A second Public Private Partnership was also recently launched for a \$19 million street lighting and video-surveillance project for 143 kilometers of highway to be awarded in June 2020. The compact's Investment Climate Project enables the Government of El Salvador to better partner with the private sector, providing critical infrastructure and public services. This project is expected to attract up to \$450 million of private investment.

Compact Closeouts and New Eligibilities in Fiscal Year 2019

During fiscal year 2019, the MCC Board of Directors (the Board) selected Indonesia, Malawi, and Kosovo as eligible for compact programs, and Ethiopia and the Solomon Islands as eligible for threshold programs. MCC also made progress on its new regional authority, as part of the AGOA and MCA Modernization Act signed by President Trump in April 2018, authorizing MCC to enter into concurrent compacts to promote cross-border economic integration, trade, and collaboration. MCC's fiscal year 2019 program highlights also include Board approval for a \$480 million compact with Sri Lanka, the entry-into-force of our \$525 million compact in Côte d'Ivoire, and the signing of MCC's \$35 million Togo Threshold Program. MCC oversaw the successful closures of its compact and threshold program partnerships with Zambia, Honduras, and Georgia.

Our programs support more stable, secure countries with innovative, accountable investments. Our model stands in stark contrast to competing, debt-driven models. I will continue to maintain MCC's model, its strong record of transparent, data-driven results and its clear bipartisan support, all while advancing MCC's mission to reduce poverty through economic growth.

Board of Directors: Fiscal Year 2019

The MCC Board of Directors (the "Board") comprises five government officials and four individuals from the private sector who are appointed by the President with the advice and consent of the Senate. The Board meets quarterly.

Michael R. Pompeo, Chair *Secretary of State*

Steven T. Mnuchin, Vice Chair *Secretary of the Treasury*

Robert E. Lighthizer *U.S. Trade Representative*

Mark A. Green *Administrator, U.S. Agency for International Development*

Sean Cairncross *MCC Chief Executive Officer*

Alexander (Ander) Crenshaw *Former U.S. Representative*

Mike Johanns *Former U.S. Senator and Secretary of Agriculture*

George Marcus *Founder and Chairman of Marcus & Millichap Company*

Susan McCue *President of Message Global LLC*

Driving Progress

MCC Partner Countries That Completed Compacts in Fiscal Year 2019

Since its founding, MCC and its partner countries have completed 27 compacts, totaling more than \$8.7 billion in total expenditures (Table 1). Two partner countries completed their MCC compacts in fiscal year 2019.

Georgia

MCC closed its \$140 million compact with the Government of Georgia on July 1, 2019. The compact program aimed to improve the country's human capital with strategic investments in training and education, particularly in science, technology, education, and mathematics (STEM) fields. Under the Improving General Education Quality Project, the government trained 20,000 local educators, counselors, and administrators, and it fully rehabilitated 91 primary and secondary schools to support a population of 37,000 students. Under the Industry-Led Skills and Workforce Development Project, the government created 51 new certification and degree programs at 10 technical and vocational education and training institutions, which enrolled 2,500 new students. Under the STEM Higher Education Project, the government built a partnership between San Diego State University and three Georgian universities – Georgia Technical University, Ilia State University, and Tbilisi State University – to offer accredited, bachelor's degrees in chemistry, engineering, computer science, and other disciplines. To help Georgian students pursue degrees in these programs, the government also partnered with major companies and industry leaders in the country to secure \$3 million in scholarships. Many of the partner companies are already employing graduates of the degree programs; thereby, creating links that are expected to last well beyond the end of the compact program.

Zambia

MCC closed its \$354.8 million compact with the Government of Zambia on November 15, 2018. The compact program aimed to improve health and catalyze economic growth through investments in the water sector in the capital city, Lusaka. Under an institutional strengthening activity, the government improved training in sanitation and hygiene; strengthened the financial performance of the Lusaka Water Supply, Sanitation, and Drainage Company (LWSSDC); and partnered with community groups to improve services that LWSSDC and the municipal government provide to vulnerable populations. At the same time, the compact supported the development of new approaches to asset management, new policies on gender and social inclusion, and the treatment of peri-urban areas, and helped create a new solid waste management company to keep newly constructed drains free of debris. Under an infrastructure activity, the government reduced water loss, strengthened drainage infrastructure, expanded the water transmission and distribution network, and increased the number of water connections and community access points. During the implementation of the compact program, the government contributed more than \$50 million toward the program's goals and also pledged \$15 million to complete outstanding work after the compact end date. Overall, the compact will substantially reduce problems with flooding in

Lusaka and will benefit approximately 1.2 million people over the next 20 years.

Impact Beyond the Compact: Building Partner Country Capacity

MCC funds more than infrastructure – it builds partner country capacity, expertise, and know-how throughout its partnerships. MCC’s commitment to country ownership means that countries are full partners in developing compacts and take the lead in compact implementation. By developing and using local expertise, MCC empowers citizens and builds self-sufficiency. This approach promotes the sustainability of MCC projects and extends the benefits of MCC’s work beyond the strict, five-year term of its compacts.

In **Malawi**, effective coordination with donors, U.S. government agencies, and power sector stakeholders has catalyzed the country’s power sector, resulting in Malawi recently signing its first power purchase agreements with private investors. It has also led to a surge of investments from Power Africa, other donors and private companies that will build upon the compact’s successes in infrastructure and reform.

In **Zambia**, several Innovation Grants Program (IGP) grantees secured funding from other donors to scale project activities that were initially catalyzed by MCC’s funding for IGP. Zambia Breweries leveraged \$20,000 in additional funding from the French Embassy to expand its activities and one IGP grantee – MECB Consulting Ltd. (MECB) – received a grant of \$100,000 from The Coca-Cola Africa Foundation to fund expansion and rehabilitation of the water supply network. This work is part of a broader Memorandum of Understanding that MCC signed with The Coca-Cola Africa Foundation in October 2017. In addition, MECB reports that its IGP project enabled it to receive a grant of 118,000 euros from Finland’s Ministry of Foreign Affairs for water quality monitoring. Activities of some IGP grant recipients are continuing after the compact and may continue to leverage outside funding. There is also an opportunity to attract models of funding for market-based provision of waterborne sanitation in Mtendere. MECB is piloting a model of concession-based water provision to peri-urban communities through their public-private partnership agreement with Lusaka Water and Sewerage Company.

In **Georgia**, MCC’s compact brought educational improvements that empowered 1.7 million citizens to work more effectively in the sectors most needed to increase economic growth. The compact built public schools, trained teachers and administrators in science, technology, engineering, and math (STEM) fields, and expanded technical and vocational education and training (TVET) at 10 of the country’s leading academic institutions. The compact also supported a partnership through which San Diego State University built capacity for advanced, higher learning in STEM fields in local universities, which gained the accreditation necessary to award internationally recognized advanced degrees on their own. An initial class of 55 students graduated from the programs sponsored by San Diego State University in 2019, and nearly 600 students enrolled in the program in some capacity during the compact term. All told, the compact will equip the next generation of Georgia’s citizens to increase their earning potential, drive economic growth, and create a more prosperous future for their country.

Completed MCC Compacts since 2004, as of September 30, 2019

Partner Country Date Compact Signed Compact Obligations as of September 30, 2019 (in millions of

dollars)

TABLE 1 Completed MCC Compacts since 2004, as of September 30, 2019

Partner Country	Date Signed	Compact Obligations as of September 30, 2019 (in millions of dollars)
Madagascar	April 18, 2005	\$85.6
Honduras	June 14, 2005	\$204.0
Cabo Verde	July 5, 2005	\$108.5
Nicaragua	July 15, 2005	\$112.7
Georgia	September 13, 2005	\$387.2
Benin	February 22, 2006	\$301.8
Vanuatu	March 2, 2006	\$65.4
Armenia	March 27, 2006	\$176.6
Ghana	August 1, 2006	\$536.3
Mali	November 13, 2006	\$434.3
El Salvador	November 29, 2006	\$449.6
Mozambique	July 13, 2007	\$447.9
Lesotho	July 23, 2007	\$358.0
Morocco	August 31, 2007	\$650.0
Mongolia	October 22, 2007	\$269.0
Tanzania	February 17, 2008	\$694.5
Burkina Faso	July 14, 2008	\$474.7
Namibia	July 28, 2008	\$295.7
Senegal	September 16, 2009	\$433.3
Moldova	January 22, 2010	\$259.4
Philippines	September 23, 2010	\$385.1
Jordan	October 25, 2010	\$272.9
Malawi	April 7, 2011	\$346.7
Indonesia	November 19, 2011	\$474.0
Cabo Verde II	February 10, 2012	\$65.6

Partner Country	Date Signed	Compact Obligations as of September 30, 2019 (in millions of dollars)
Zambia	May 10, 2012	\$332.1
Georgia II	July 26, 2013	\$140.0

MCC Partner Countries in Compact Implementation

Seven countries in MCC's portfolio (included in Table 2) were in compact implementation as of September 30, 2019. Each compact's implementation began on its entry-into-force date, marking the start of its five-year timeline. Each compact is managed and implemented by an accountable entity, generally known as the Millennium Challenge Account (MCA), established by the partner country government. Key implementation milestones from fiscal year 2019 are described below.

Benin

MCC's \$375 million Power Compact with the Government of Benin entered into force on June 22, 2017. In 2019, the government adopted policy reforms related to electricity tariffs and private investment in power generation, thereby satisfying conditions to \$80 million of compact funding. With compact support, the government gave control of Benin's national electricity utility to a private company, which aims to improve customer service, strengthen utility management, and bolster the sustainability of compact-funded infrastructure to be owned by the utility. The government also launched procurements for major electricity substation and distribution lines, works for which will commence in 2020.

Côte d'Ivoire

The \$524.7 million compact with the Government of Côte d'Ivoire entered into force on August 5, 2019. In the lead up to entry into force, the government completed the recruitment and hiring of a professional management team for the accountable entity, MCA-Côte d'Ivoire. The government also held consultations with stakeholders in regions that will receive funding for secondary schools under the compact's Skills for Employability and Productivity Project; and launched the procurement for an architecture and engineering contract as part of the planned transportation improvements under the Abidjan Transport Project. The government also boosted its contribution to the country's road maintenance fund in order to satisfy a critical requirement regarding the use of MCC funds. President Alassane Ouattara welcomed MCC's new Chief Executive Officer, Sean Cairncross, to a series of public celebrations marking the start of compact implementation. In fiscal year 2020, the government expects to complete the planning and assessment that will allow for rapid progress on both the Abidjan Transport Project and the Skills for Employability and Productivity Project.

El Salvador

MCC's \$277 million Investment Compact with the Government of El Salvador entered into force on September 9, 2015. As part of the Investment Climate Project, the government adopted a Regulatory

Improvement Law early in the fiscal year and established a new agency responsible for improving the climate for private business activities. Under the Human Capital Project's Education Quality Activity, the government trained 2,700 educators to improve educational standards in full-time, integrated school systems and completed the construction of the first tranche of 83 schools planned for rehabilitation. Concurrently, the government made progress toward the completion of two border crossings and the expansion of the coastal highway as part of the Logistical Infrastructure Project. The first PPP was launched in September 2019 – an estimated \$57 million project for the cargo terminal of El Salvador's international airport. The compact will close on September 9, 2020.

Ghana

MCC's \$498.2 million Power Compact with the Government of Ghana entered into force on September 6, 2016. In the third year of implementation, the government renewed its focus on the construction of large-scale infrastructure to improve the country's electric power system. In the spring, the government broke ground on an energy transmission point at Pokuase, the first of four major projects to stabilize the electric power network, reduce technical losses, and lay the foundation for expanding the distribution network. By the end of the year, the Government launched procurements for the construction of one additional bulk supply point and several additional substations – infrastructure improvements valued at up to \$164 million. The government also renewed the popular women in science, technology, engineering, and mathematics (STEM) program that placed more than 200 women in internships with the electric power utility and other electricity institutions. On July 30, 2019, however, the government suspended the concession agreement between the Electric Company of Ghana Limited (ECG) to private operator Power Distribution Services Ghana Limited, alleging part of the financial transaction underlying the concession had been fraudulently obtained. The government ultimately terminated the concession in fiscal year 2020, on October 19, 2019. Based on an independent forensic audit, MCC concluded that the government's suspension and subsequent termination was unfounded. As the concession was a necessary condition of the compact, the \$190 million in associated funding is no longer available. The termination of the private concession also resulted in Ghana no longer being considered for participation in a possible regional integration compact. Moving forward, MCC will continue to implement the remaining \$308 million, which will continue to support important improvements to the infrastructure of Ghana's southern distribution network, increase reliability and power access to key markets, and advance energy efficiency programs.

Liberia

MCC's \$256.7 million compact with the Government of Liberia entered into force on January 20, 2016. Under the compact's Energy Project, the government had largely completed the rehabilitation of the Mount Coffee Hydropower Plant by the end of fiscal year 2018, thereby adding 88 megawatts of reliable electric power to the capital city, Monrovia. Over the course of 2019, MCC worked with the government to implement a management contract for the Liberia Electricity Company (LEC) and to help LEC improve its finances and assume full control of the operation and maintenance of the Mount Coffee Plant by the end of the fiscal year. As an accompanying measure, the government initiated the restoration of a water pipeline to carry water from the Mount Coffee Plant to the capital's main water treatment plant. At the same time, MCC supported the creation and staffing of a new regulator for the power sector, the Liberia

Electricity Regulation Commission. Under the compact's Roads Project, the government completed training for road maintenance staff and took steps to operationalize the new national Road Maintenance Fund. As of the end of the fiscal year, however, key conditions precedent for this compact activity had not been met.

Morocco

MCC's \$450 million Employability and Land Compact with the Government of Morocco entered into force on June 30, 2017. Under the Education and Training for Employability Project, the government this year began rehabilitation of 34 secondary schools and expanded a pilot to improve the quality of secondary education in two additional regions, bringing more than 83,000 students in approximately 90 schools into the program. It also reached agreement with 15 public institutions to strengthen the alignment of technical and vocational education and training with the needs of the private sector. Under the Land Productivity Project, the government initiated a major push for land titling across 67,000 hectares of irrigated, agricultural lands that are currently collectively owned. To improve economic outcomes, it adopted legislative changes that enable women to participate more fully in the economic benefits and inheritance of collective lands. The Fund for Sustainable Industrial Zones (FonZID) grant facility launched and negotiations to determine the final list of grantees is underway. The government also prepared procurements for launch in early 2020 for public-private partnerships to develop and operate three new industrial zones in various regions of the country.

Niger

MCC's \$437 million Water and Agriculture Compact with the Government of Niger entered into force on January 26, 2018. In a series of public events beginning in August 2018, the government inaugurated a number of compact activities. Through new legislation, it created and fully operationalized two national bodies to regulate the distribution of fertilizers, and early this year, it launched a successful campaign for the vaccination of both small and large ruminant animals. The government also signed a contract and finalized the design, resettlement and land requirement for the first, large-scale irrigation project under the compact. At the same time, the government finalized the legal framework for a more robust approach to maintaining its road network, including a plan to establish and operationalize a road maintenance fund. With support from MCC, the government also reached an agreement with the U.S. African Development Foundation to manage a grant facility within the compact's Climate-Resilient Communities Project, for which more than 600 applicants responded to the first call for applications.

TABLE 2 Fiscal year 2019 Compact Obligations and Expenditures (in millions of dollars)

		Activity in fiscal year 2019	
		Section 609(g) Compact CDF	Section 605 Assistance

Partner Country	Total Compact Amount at Signing	Obligations	Expenditures	Obligations	Expenditures
Benin II	\$375.00	-	2.90	-	13.55
Côte d'Ivoire	\$524.70	-	4.05	480.45	-
El Salvador II	\$277.00	(1.69)	(0.12)	1.69	87.36
Georgia II	\$140.00	-	-	-	31.45
Ghana II	\$498.20	-	-	-	32.38
Indonesia	\$600.00	-	-	(52.44)	-
Liberia	\$256.70	-	-	-	19.41
Malawi	\$350.70	-	-	(4.00)	74.10
Mongolia II	\$350.00	-	2.51	-	-
Morocco II	\$450.00	-	3.34	-	10.68
Nepal	\$500.00	-	8.69	-	-
Niger	\$437.00	(19.20)	0.58	19.20	35.09
Senegal II	\$550.00	37.80	0.34	-	-
Zambia	\$354.76	-	-	(22.62)	70.07

TABLE 3 Signed Compacts That Had Not Entered Into Force as of September 30, 2019

Partner Country	Obligations (in millions of dollars)	Expenditures (in millions of dollars)
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<p>Mongolia</p> <p>On July 27, 2018, MCC and the Government of Mongolia signed the \$350 million Mongolia Water Compact. The government committed up to \$111.8 million in additional funding, as needed to ensure the full implementation of the new groundwater wells, a water purification plant, a new wastewater recycling plant, and policy, legal and regulatory reforms to enhance long-term sustainability of the water supply to the capital city, Ulaanbaatar. In fiscal year 2019, the government fully staffed its accountable entity, MCA-Mongolia, and successfully completed several large-scale procurements for engineering support, detailed designs, and environmental assessments, in anticipation of entry into force in fiscal year 2020.</p>	\$28.1	\$2.5
<p>Nepal</p> <p>On September 14, 2017, MCC and the Government of Nepal signed a \$500 million compact with projects in the electricity and roads sectors. The government committed an additional \$130 million for an overall program budget of \$630 million. The government made substantial progress toward entry into force in fiscal year 2019, recruiting essential staff for the accountable entity, MCA-Nepal, completing designs and environmental assessments for major infrastructure works, executing the Program Implementation Agreement (PIA), and negotiating a draft agreement that will support the sale and export of excess power to neighboring India. The Government continues to work toward the satisfaction of other conditions, in anticipation of entry into force in fiscal year 2020.</p>	\$40.5	\$9.0

Senegal On December 10, 2018, MCC and the Government of Senegal signed a \$550 million compact with projects in the electricity sector. The government committed an additional \$50 million to ensure the implementation of projects to strengthen and modernize the electricity transmission network around the capital city, Dakar, and increase access to electricity in peri-urban and rural areas in the center and south regions. In fiscal year 2019, the Government ratified the compact, formed the accountable entity, MCA-Senegal, and initiated the recruitment of essential staff. MCC currently projects that the compact will enter into force by the end of fiscal year 2020.	\$37.8	\$0.3
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Note: For MCC's financial reporting, disbursements are expenditures. Compact funds are fully obligated, and the five-year compact term starts when the compact enters into force.

Compacts in Development as of September 30, 2019

During fiscal year 2019, MCC continued to work with eight countries to develop potential compacts and began developing potential concurrent compacts with several partner countries in West Africa.

Burkina Faso

The Board selected Burkina Faso as eligible to develop a second compact in December 2016. After identifying access to electricity as a constraint to its economic growth, the government of Burkina Faso is now working to develop a compact that will reform the power sector, improve the reliability of power generation, strengthen power transmission, and expand power distribution through several feasibility studies. MCC expects to conclude the development of the compact program in the first half of 2020.

Indonesia

The Board selected Indonesia in December 2018 to begin developing a second compact. The Government of Indonesia convened experts from government, civil society, academia, and the private sector to develop a constraints analysis, which identified finance, productivity and innovation, and export competitiveness as constraints to the country's growth. The Government is now working to assess the underlying causes of these constraints, in order to develop a compact that addresses them.

Kosovo

The Board selected Kosovo in December 2019 to begin the development of a second compact. After updating the constraints analysis it conducted as part of its threshold program, the Government of Kosovo proposed projects to address the economic challenges related to excess demand for electricity and

unpredictable energy supply. With assistance from MCC, the Government plans to conduct feasibility studies to assess the viability of developing its natural gas sector, balancing the power system with energy reserves, improving electricity distribution, and strengthening energy sector institutions and policies. MCC expects to conclude the development of the compact program by the end of 2020.

Lesotho

The Board selected Lesotho to develop a second compact in December 2013 and again in December 2014. After deferring a vote for the following two years, the Board again selected Lesotho in December 2017, based on the Government of Lesotho's progress on strengthening rule of law and its improved commitment to sustaining benefits from the first compact. With assistance from MCC, the government has begun feasibility studies on approaches to improve planning and execution of capital investment, particularly in land, health, horticulture, and road infrastructure, in ways that increase private investment. MCC expects to conclude the development of the compact program in mid-2020.

Malawi

The Board selected Malawi in December 2018 to begin the development of a second compact. Working closely with MCC, the Government of Malawi identified the unstable macroeconomic environment, poor linkages between rural farms and markets, and limited access to land for investment as binding constraints to the country's economic growth. The Government is currently working to identify specific projects to propose for further consideration.

Sri Lanka

The Board selected Sri Lanka in December 2016 to develop a compact. In fiscal year 2018, MCC and the Government of Sri Lanka concluded the development of a \$480 million compact designed to address weak transport infrastructure and lack of access to state and private lands for investment. Sri Lanka's Cabinet of Ministers approved the compact in October 2019, shortly before presidential elections. There has been a lengthy delay to signing the compact and a change in government in Sri Lanka. Before MCC will proceed to sign the compact, the new Government of Sri Lanka will need to make a clear and public expression of support for the partnership with MCC.

Timor-Leste

The Board selected Timor-Leste in December 2017 to develop a compact, building on its initial work to develop a threshold program. The Government of Timor-Leste is working closely with MCC to design projects that will improve water and sanitation infrastructure, address malnutrition in children, improve labor force skills, and improve the resolution of commercial disputes. MCC hopes to conclude the development of the compact program in late 2020.

Tunisia

The Board selected Tunisia in December 2016 to develop a compact. After identifying binding

constraints related to excessive government controls of markets for goods and services and water scarcity, two potential projects addressing these constraints are in development. The first project aims to reduce barriers to investment and facilitate trade and logistics. The second aims to address the water scarcity constraint by incorporating principles of sustainability and conservation into water demand management in the interior regions of the country, increasing productivity in agriculture through more efficient use of available water, and enhancing opportunities for increased participation of women and youth. MCC expects to conclude the development of the compact program in mid-2020.

Concurrent Compacts for Regional Integration in Development

In December 2018, the Board instructed MCC to explore opportunities to support cross-border collaboration, increase regional trade, or enhance regional economic integration among five countries in West Africa (Benin, Burkina Faso, Côte d'Ivoire, Ghana, and Niger). That decision allowed MCC to begin working with these countries to identify and assess cross-border projects that have strong support within the relevant countries and otherwise meet MCC's stringent compact approval criteria. After extensive engagement with governments, civil society organizations, and private businesses in the countries, MCC identified two cross-border road transport projects with particular promise. MCC expects to conduct further assessments to prioritize one project for further development over the coming year.

Sector Results at a Glance: By the Numbers and Key Policy Reforms

Numbers are cumulative since MCC's founding in 2004 and current as of September 30, 2019.

Once a country is selected as eligible to develop a compact or threshold program, MCC works with partner country officials to conduct a rigorous joint analysis to identify their most binding constraints to economic growth. This analysis helps MCC to focus its programs on the greatest impediments to private investment and poverty reduction, in areas such as access to credit, governance, electricity, transportation, and education. Below are highlights of MCC's sector programs that have emerged from this analysis.

Power

3,059 miles of electricity lines completed

In fiscal year 2019, partner countries continued to implement power projects in Liberia, Ghana, and Benin, and developed new power projects in Nepal, Senegal, and Burkina Faso. In Liberia, the rehabilitation of the Mount Coffee Hydropower Plant is now complete, providing the country with much needed power that is less costly to generate, while a management services contractor is working to improve the performance of Liberia's power utility. In Ghana, large-scale construction works in the distribution system have begun. Benin has launched a tender to competitively procure solar power generation and upgrade the distribution system, having successfully fulfilled its reform commitment to adopt a plan to set appropriate power prices to fund its ambitious goal of increasing electricity access. In Nepal, design, permitting, environmental and social assessments plus arrangements for cross-border power trade with India are all progressing as the program approaches the start of implementation in earnest in mid-2020. Senegal is preparing for the implementation of a compact focused on strengthening

the transmission network around the capital city, Dakar; reinforcing and extending the distribution system in rural areas; and reforming the power sector. Burkina Faso is working to finalize the development of a compact that may upgrade power transmission lines, improve power distribution in the capital city, Ouagadougou, improve network dispatch and control, and reform the electricity sector. Kosovo is conducting studies to identify appropriate projects in the energy sector for its compact. Threshold programs that focus on power sector reform in Sierra Leone and energy efficiency in Kosovo are also under ongoing implementation.

Transportation

1,886 miles of road completed

MCC finances transportation and other physical infrastructure programs designed to spur economic growth. Through its compact with MCC, the Philippines successfully completed the reconstruction or rehabilitation of 108.7 miles of road in the country's Samar and Eastern Samar provinces and over 60 bridges. This vital infrastructure will help to lower transport costs and travel times and open up possibilities for new markets. Niger has started the designs to upgrade approximately 186.4 miles of national and rural roads, in order to bring them up to international standards and enhance both national and regional connectivity. In Liberia, implementation of technical assistance and policy reform activities to ensure the country has a long-term, sustainable road maintenance program are approaching completion. In Nepal, a pilot program has been launched, targeting capacity building in developing new road maintenance construction techniques that will inform the design of future periodic maintenance works on up to 300 kilometers of roads. In Côte d'Ivoire, the procurement for the design of a major rehabilitation and upgrade of four major urban corridors in the metropolitan area of Abidjan has been launched. In El Salvador, the construction of a capacity upgrade for a heavily trafficked 18-mile segment of coastal highway has started. In addition, the tender for a design-build contract of the El Amatillo Border Crossing between El Salvador and Honduras has been launched.

Water and Sanitation

12,386 people trained in hygiene and sanitary best practices

1,191 water points constructed

MCC supports capital improvements and policy and institutional reforms to improve the level and quality of water and sanitation services in partner countries. MCC's \$350 million compact with the Government of Mongolia aims to provide a sustainable supply of water that will stem the impact of an impending water crisis and sustain private sector-led economic growth in the capital city, Ulaanbaatar. The compact's Water Supply Project will support the construction of new groundwater wells and a state-of-the-art plant for purifying drinking water, the construction of a wastewater recycling plant for industrial reuse, and the development and implementation of policy, legal, regulatory and institutional reforms to enhance the long-term sustainability of Ulaanbaatar's water supply. These programs will increase the supply of water to Ulaanbaatar by more than 80 percent. In the Sierra Leone threshold program, MCC has committed \$16 million toward a Water Sector Reform Project that aims to improve access to reliable and safe WASH services, utility management and efficiency, and WASH practices at the household level. Increased access to safe drinking water, food, and sanitation services is critical to improving children's nutritional status and preventing environmental enteropathy, which has been associated with growth failure in children.

Agriculture and Irrigation

404,477 farmers trained

504,004 acres under improved irrigation

In July 2016, MCC signed a \$437 million compact with Niger focused on strengthening the agricultural sector. Under the compact's Irrigation and Market Access Project, MCC plans to help the Government of Niger improve irrigation in the regions of Dosso and Tahoua. This work will include the rehabilitation of the irrigation system at Konni and the development of a new irrigation system at Sia Kouanza. As part of the project, MCC expects to fund technical support to farmers and their associations for improving access to markets and post-harvest services and to rehabilitate market access roads. Additional projects compliment the infrastructure activities, including reform of institutional policies for fertilizers, support of the national water management plan, developing a management plan for strengthening property and land rights, and building the statistical capacity of the National Institute of Statistics and key ministries. These activities will increase local understanding of best practices for the sustainable use and maintenance of irrigation and market infrastructure.

Land

320,722 household, commercial and legal entities granted protected land rights

MCC works with partner countries to improve land governance and administration, strengthen property rights, and stimulate private sector investment for more productive land use. In Morocco, the compact's \$168.8 million Land Productivity Project aims to enable land markets to better respond to investor demand and to strengthen the enabling environment for investment. The project is testing a more sustainable, market-driven model of industrial zone public-private partnerships in the Casablanca region; piloting an improved process for providing farmers and their families with individual titles to land they have been farming for generations—an initiative covering 67,000 hectares; and developing a national land governance strategy to address obstacles to greater investment and productivity including improving women's access to land. In connection with the compact, the Government adopted in 2019 legislation to strengthen women's rights to own and inherit collective land. The Togo Threshold Program, signed in February 2019, includes an \$8 million Land Reform to Accelerate Agricultural Production (LRAP) Project. The LRAP Project will support the establishment of a regulatory framework to implement the new Land Code and will field-test cost effective procedures and technologies for land formalization to provide Togolese farmers with the security necessary to make long-term investments in their land.

Education

837 education facilities constructed or rehabilitated

8,678 instructors trained

238,340 students participating in MCC-supported education activities

MCC works with partner countries to help students gain the knowledge and skills needed by the private sector. In Georgia, the compact supported the development of 38 new university programs in technical and vocational education and training (TVET) and the opening of an internationally accredited bachelor's degree program in science, technology, engineering, and math (STEM) disciplines. By the end of the compact, 15,000 secondary STEM and English teachers in the country had received training in student-

centered learning, classroom management, and subject-specific pedagogy. MCA-Georgia distributed TVET grants, totaling approximately \$12 million, and provided technical assistance and public relations activities that substantially reformed the TVET system—and public perception of it—in Georgia. In El Salvador, the ongoing compact is strengthening the national education system, reforming the country's TVET system, and providing continuous professional development for teachers in grades 7 to 12. In Morocco, construction has started towards modernizing an initial set of up to 90 middle schools and high schools, for which local communities identify needs including physical rehabilitation, teacher and administrator training, and equipment. MCA-Morocco has reached agreement on 15 grants that will provide up to \$90 million to build public-private partnerships to strengthen and promote vocational training in skills most needed by the private sector. In Côte d'Ivoire, MCA-Côte d'Ivoire is working toward supporting new secondary schools, improved teacher training, and demand-driven TVET centers, with an emphasis on increasing access to education among women and other marginalized groups. In the Guatemala threshold program, education activities include the training of over 1,500 secondary teachers and the selection of 13 pilot schools to take part in the TVET strengthening program. The program is also supporting the Ministry of Education to develop new tools and strategies to advance the country's TVET system by designing and implementing new curricula that better meet labor market demand.

Health

1,564 health providers trained on growth monitoring

6,724 service providers trained on community-led total sanitation triggering

17,531 service providers trained on infant and young child feeding

MCC works with partner countries to integrate sanitation, maternal and child health, and nutrition projects to reduce stunting and increase household income. In April 2018, the Government of Indonesia completed a compact that provided over \$120 million to reduce stunting. Activities involved over 181,000 health and education focused community activities and the training of over 17,000 service providers on proper feeding for pregnant mothers and infants. The compact also distributed over \$35 million iron tablets for pregnant women and conducted over 4,000 sanitation triggering events in 64 districts. Increased access to safe drinking water, food, and sanitation services is critical to improving children's nutrition. In the Kosovo threshold program, MCC is providing \$9 million towards improving data and public health communication to promote behaviors that reduce the negative health impacts of air pollution. In Zambia, MCC's compact aimed to reduce the incidence of water-related diseases by improving the water supply, sanitation, and drainage infrastructure in Lusaka.

A Results-Based Approach

MCC uses a country-driven, results-based approach in its global programs, ensuring that each compact generates cost effective impact. MCC is committed to applying its experience, expertise, and flexibility to address evolving challenges in order to achieve economic growth. This means focusing on the following areas:

Gender and Social Inclusion

Gender integration and social inclusion are essential to achieving MCC's mission to reduce poverty through economic growth, and MCC integrates inclusion into every phase of its programs. Catalyzing and supporting institutional reforms ensures that the impacts of MCC's programs extend well beyond the life of a compact. MCC's Gender Policy, first adopted in 2006, requires that gender inequalities be addressed during country selection, in the development and design of programs, and throughout program implementation and impact evaluations. The Liberia and Ghana compacts aim to strengthen the policies and practices of electrical utilities so they can provide more reliable services to their diverse set of customers. MCC supports women entrepreneurs in Indonesia and Benin by creating opportunities to manage local natural resources more sustainably. MCC provides workforce opportunities that allow women to compete for better-paying jobs in nontraditional sectors, such as energy in Ghana and construction in Zambia (compact now closed). In parallel with MCC's programs in education and skills development, MCC works on improving girls' access to education and completion rates. In El Salvador, MCC has supported the development of the Ministry of Education's Gender Policy and Gender Unit, designed to improve gender equality in the country's educational system. The Georgia compact's STEM Higher Education Project, in partnership with San Diego State University (SDSU), was designed to increase women's participation in STEM degree programs. To attract and retain girls and minorities in this joint degree program, MCC supported targeted outreach and recruitment efforts as well as scholarships. A recruitment effort with focused gender messages has resulted in significant female enrollment. Of the 545 students currently enrolled in the SDSU program, 196 are female and 349 are male.

Environment, Health and Safety

MCC's Environmental and Social Performance team works with partner countries to integrate internationally accepted principles of environmental and social sustainability into the design and implementation of compacts. MCC engages with partner country stakeholders to enhance and sustain the management of valuable environmental resources and to build local community understanding of and support for MCC-funded programs. MCC's performance in managing environmental and social issues was critical to the successful completion and closeout of two compacts in fiscal year 2019. In Malawi, MCC supported improved land-use practices in upstream communities so as to decrease sedimentation in the Shire River and protect the life span of downstream hydropower infrastructure funded by MCC. The sustainability of improved upstream land-use management was institutionalized through the establishment of an Environmental Trust Fund that will live on after the compact. In Zambia, MCC helped the Government of Zambia effectively manage several thousand cases of temporary resettlement and worked closely with local communities and contractors across dozens of

active work sites in water supply, sanitation and drainage to ensure the health and safety of local residents and construction workers. In Indonesia, the Participatory Land Use Planning activity provided 18 districts, 27 sub-districts, and 363 villages with improved spatial certainty by piloting an innovative approach to village boundary setting and resource mapping. Under the Green Prosperity Project, MCC helped smallholder farmers and rural community members enhance their livelihoods and manage local natural resources more sustainably through improved agricultural and forest management practices, yielding potential greenhouse gas emissions reductions for the 66 projects supported by the Green Prosperity Facility at approximately 1 million tons of CO₂-equivalent per year, the equivalent of 2.3 million barrels of oil consumed per year or 1.1 billion pounds of coal burned per year. MCC systematically screens all new programs for climate risks and opportunities. Where risks or opportunities are identified, MCC works with its partners to understand and address these in project design. In fiscal year 2019, MCC worked with other U.S. government development and science agencies and with private sector partners to establish stronger tools and approaches to integrating climate considerations into infrastructure design.

MCC Threshold Programs: Results through Reforms

MCC's threshold program assists promising candidate countries to become eligible for a compact by offering them the opportunity to demonstrate their commitment to just and democratic governance, economic freedom, and investments in their people. By advancing policy reforms and strengthening institutions to address the most binding constraints to economic growth, threshold programs complement the "MCC effect" created by MCC's country scorecard and allow the agency to assess the opportunity for an impactful and cost-effective partnership before committing to a larger compact. MCC uses the same rigorous, evidence-based approach in threshold programs as it does in compacts, leading to high-quality programs that maximize potential systemic impact and lay the foundation for a higher level of assistance.

In fiscal year 2019, MCC partnered to develop or implement threshold programs with Ethiopia, The Gambia, Guatemala, Honduras, Kosovo, Sierra Leone, Solomon Islands, and Togo.

Ethiopia

The Board selected Ethiopia as eligible to develop a threshold program in December 2018. MCC worked with the United States Agency for International Development (USAID) and the Harvard Center for International Development to carry out the constraints analysis, which identified the shortage of foreign exchange as the primary binding constraint to growth in the country. In September 2019, MCC presented the findings of the constraints analysis to the Government of Ethiopia, which supported the findings and noted their alignment with the Government of Ethiopia's recently issued *Homegrown Reform Agenda*. In fiscal year 2020, MCC will move forward with a root cause analysis of the identified binding constraint.

The Gambia

The Board selected The Gambia as eligible to develop a threshold program in December 2017. Development continued into 2019 with a focus on the primary binding constraint: the unreliable and

inadequate supply of electricity within the country. Due to the fact that in June 2019 The Gambia was downgraded to Tier 3 status on the U.S. Department of State's annual Trafficking in Persons report, the country became ineligible to receive threshold program assistance and MCC has paused program development until the country has taken the steps necessary to improve its ranking.

Guatemala

MCC and the Government of Guatemala are partnering to implement a \$28 million threshold program. Signed in April 2015, the program is designed to improve the quality of secondary education. In order to increase government spending on social services, including education, MCC is also working with Guatemala to mobilize financial resources through customs and tax administration reforms and by attracting private capital to finance infrastructure through public-private partnerships. In August 2018, the accountable entity, PRONACOM, launched the two-year teacher training program with three Guatemalan universities to offer teaching degrees to 2,000 public school teachers in five different regions of the country. Over 1,500 teachers have completed the first three semesters. In January 2019, the Ministry of Education signed an agreement formally authorizing the creation of six new technical degrees to better align the national curriculum to market demand. In August 2019, PRONACOM signed a grant agreement with INTECAP, the national vocational training institute in Guatemala, to train teachers who will be teaching the new technical degree programs.

Honduras

MCC and the Government of Honduras signed a \$15.6 million threshold program agreement in August 2013 to enhance the transparency and efficiency of public financial management, procurement, auditing and oversight of public-private partnerships. The program officially closed in May 2019. Through MCC assistance, the Government of Honduras, among other achievements, (i) launched a procurement certification program aimed at improving the transparency, accountability and quality of public procurement by training civil servants and requiring that all procurements above a certain threshold be managed by certified professionals; (ii) implemented a national e-procurement system (HondusCompras) that is integrated with the national financial management system; and, (iii) automated the government process to select which payments the Honduran treasury makes on a daily basis, using objective criteria. Together, these reforms will reduce both opportunities for political influence over government contracts as well as the timing of payments to vendors.

Kosovo

In September 2017, MCC and the Government of Kosovo signed a \$49 million threshold program grant agreement to strengthen the power sector. The program aims to foster a market-driven approach to lowering energy costs for households and businesses, encouraging energy efficiency, and developing new sources of electricity generation. The program also supports the government's efforts to improve decision-making and accountability by increasing the accessibility and use of judicial, environmental, and labor force data. In August 2019, the accountable entity, Millennium Foundation Kosovo, funded scholarships for 28 women to receive training in the United States for careers in the energy sector. In September 2019, Millennium Foundation Kosovo signed the largest contract of the program to design the energy efficiency

incentive scheme for household and apartment retrofits in five municipalities, as well as to provide technical assistance and partial grants to women majority-owned companies. A contract was also signed to upgrade government air quality data collection systems to EU standards.

Solomon Islands

MCC's Board selected Solomon Islands as eligible to develop a threshold program in December 2018. MCC has engaged with the Government of Solomon Islands, the chamber of commerce, public and private sector representatives from across the country, and other donors to conduct the constraints analysis. The findings point to two binding constraints: inability to access land and ineffective management of natural resources, particularly related to forestry and mining. MCC will pursue root cause analyses for both constraints in fiscal year 2020.

Sierra Leone

MCC and the Government of Sierra Leone signed a \$44.4 million threshold program grant agreement in November 2015 to improve access to clean water and reliable electricity, and to support reforms designed to reduce corruption. On the programmatic side, in 2019, following the successful implementation of a practice tariff application process the previous year, the Electricity and Water Regulatory Commission received and approved applications for the Guma Valley Water Company and the Electricity Distribution and Supply Authority. In addition, the accountable entity launched a results-based financing project and kicked off a twinning program with the Electricity Generation and Transmission Company (EGTC) and the Volta River Authority (VRA) of Ghana. The twinning program included a three-month training for 12 EGTC engineers at the VRA academy in Ghana.

Togo

MCC and the Government of Togo signed a \$35 million threshold program grant agreement in February 2019. The Togo threshold program will address critical constraints in the country's information and communications technology (ICT) and land sectors. The program will improve Togolese citizens' access to high-quality and affordable ICT services by encouraging private sector investments in the ICT sector. Projects include supporting the implementation of a Universal Service Fund and developing an independent regulatory body to provide oversight to the sector. In the land sector, the program will expand access to formalized land titles through the recognition and protection of legitimate land rights, in order to accelerate agricultural productivity.

For More

- Visit www.mcc.gov for the latest progress on each MCC partner country, including financial data, results and donor coordination efforts.
- Review MCC's [fiscal year 2019 Agency Financial Report](#) for financial statements and the independent auditor's report.

Leveraging Partnerships

MCC has broadened and deepened its partnerships with partner country governments, public donors, the private sector, and other U.S. government agencies to further its impact and the sustainability of its investments.

MCC's Partnership Annual Program Statement

MCC utilizes its Partnership Annual Program Statement (APS) to facilitate open, fair and transparent competition of partnering opportunities and to foster proactive collaboration and partnership co-creation among MCC and potential partners. The APS enables MCC and prospective partners to co-create partnerships that make best use of each organization's distinct knowledge, networks, innovations, investments, personnel, and resources. In fiscal year 2019, MCC showcased six distinct partnership opportunities in the APS, received 57 partnership concept papers from prospective partners, and launched 10 new partnerships, with several others still in formation. Partnerships borne via the APS in fiscal year 2019 include seven new partnerships in support of women's economic empowerment with the following organizations:

- The Brookings Institution to improve and integrate a strong gender framework into MCC's economic analysis in order to expand women's economic empowerment opportunities;
- Innovations for Poverty Action to explore women's financial inclusion;
- The International Center for Research on Women to explore whether and how Gap Inc.'s Personal Advancement & Career Enhancement model might apply to productive sectors in Lesotho;
- Santa Clara University's Miller Center for Social Entrepreneurship to promote women's entrepreneurship in Kosovo and Tunisia;
- Caritas Lesotho to map opportunities for micro, small, and medium enterprise business growth in Lesotho;
- Creative Learning to mobilize private investment and formalize women's entrepreneurship in the creative sector in Lesotho; and
- WEConnect International to enhance gender inclusivity in MCC Program Procurement Guidelines and related bidding documents and procedures.

Partnership with the Organization for Economic Co-operation and Development

MCC signed a Memorandum of Understanding (MOU) with the Organization for Economic Co-Operation and Development (OECD) in April 2017, identifying potential areas for strategic collaboration. Since its birth in 1960, the OECD has become a valuable source of policy analysis and international comparable statistical, economic, and social data. Given the importance of evidence-based approaches to MCC's model, partnering with the OECD allows MCC to leverage OECD's existing data and infrastructure for analysis to inform MCC's work.

MCC's ties with the OECD grew in fiscal year 2019, building on the successes of our past collaborations in Senegal and Côte d'Ivoire. Through this agreement, OECD brought its unique methodology and expert

resources to produce a Competition Assessment of two sectors in Tunisia, which was launched in September 2019. The OECD's Competition Assessment toolkit helps governments eliminate regulatory barriers to competition. As a result of using the OECD's approach, the MCC Tunisia Country Team will gain a framework and policy recommendations to shape the proposed compact's business climate project.

Partnership with Bechtel Infrastructure Corporation

MCC and Bechtel Infrastructure Corporation launched a partnership in 2018 through the APS focused on developing a deeper understanding of the value, approach, and relevance of infrastructure master planning to MCC's operating model and partner countries. Infrastructure master planning is critical for identifying opportunities for coordinated and complementary investments among public sector, private sector, and civil society partners; and the rise of blended finance in emerging markets further underscores the value of comprehensive planning from project conception to closure.

In August 2019, MCC CEO Sean Cairncross joined Bechtel's Regional President of Africa, Sir James Dutton, and Secretary General to the President of Côte d'Ivoire Minister Patrick Achi in Abidjan, Côte d'Ivoire, to sign a Memorandum of Understanding memorializing the partnership and to announce the commencement of work in the capital city Abidjan to develop a highly-effective infrastructure masterplan.

MCC intends to use insights from this collaboration to deepen MCC and country counterpart understanding of infrastructure master planning approaches; to evaluate how infrastructure master planning can inform and be informed by the design, development, implementation, and assessment of MCC compact and threshold program sector-specific infrastructure programs; and to better assess how infrastructure master planning can catalyze private sector investment in MCC partner countries.

MCC Brings Women in Science (WiSci) partnership to MCC Partner Countries

MCC is helping to empower the next generation of female leaders by bringing the Women in Science (WiSci) program to MCC partner countries. WiSci is a public-private partnership designed to motivate young women to pursue careers in Science, Technology, Engineering, Arts, and Mathematics (STEAM) career fields. Through experiential learning, cross-cultural peer interaction, industry connections, and learning from accomplished scientists and technologists, WiSci seeks to empower young women with knowledge and leadership and technical skills needed during times of rapid technological development. Through a partnership with the U.S. Department of State and close collaboration with the United Nations Foundation's Girl Up program, Intel, Google, Bechtel, NASA, and local partners in Kosovo, MCC and the accountable entity, Millennium Foundation Kosovo, helped to bring a WiSci camp to Pristina, Kosovo, in August 2019. The WiSci Kosovo camp demonstrated the relevance of the WiSci partnership and program model to MCC threshold programs and compacts, and MCC is working with WiSci partners to launch additional WiSci camps in other MCC partner countries.

Powering Africa

To fulfill the agency's goal of removing constraints to economic growth, MCC is undertaking major programs in sub-Saharan Africa to increase access to affordable electricity. The agency has completed power projects in Malawi and, together with our partner countries, is implementing approximately \$1.5 billion worth of power projects that will improve the quality and reliability of electricity in Benin, Ghana, Liberia, Senegal, and Sierra Leone, while also developing power projects in Burkina Faso. These projects focus not only on building physical infrastructure but also on improving the enabling environment to attract private sector investment. Examples include financing a photovoltaic solar power project in Benin with independent power producers and project finance lenders and improving the financial position and operations of the utility in Liberia.

Data for Development Capacity Building

The [Data Collaboratives for Local Impact](#) (DCLI) program, under a \$21.8 million interagency agreement funded by the President's Emergency Plan for AIDS Relief (PEPFAR) and implemented by MCC, empowers individuals and communities to use data to improve lives through better investments, resource allocation, and transparency. DCLI engages locally and inclusively, promotes policies and practices that enable data availability and use, establishes centers to enhance data analysis and collaboration, and leverages resources, innovation, and partnerships to develop stronger capabilities and outcomes for partner countries. The program works across a broad sectoral space to improve health and to control the HIV epidemic, to empower women and youth, and to contribute to sustainable economic growth.

In 2018, the DCLI-funded [Tanzania Data Lab](#) and the University of Dar es Salaam launched a Masters' degree in Data Science, the first such program in East Africa. Five DCLI-funded PEPFAR Scholars, including two women, were part of this inaugural class of Tanzanian data scientists, and in 2019 they were joined by five additional PEPFAR scholars. They worked with PEPFAR implementation partners including Management and Development for Health, Johns Hopkins Program for International Education in Gynecology and Obstetrics, and the Mkapa Foundation to solve important development problems.

In mid-2018, DCLI expanded to Côte d'Ivoire, where MCC and the Government of Côte d'Ivoire have signed a \$525 million compact and PEPFAR expends on the order of \$100 million per year. One of the DCLI implementation [partners](#) in Côte d'Ivoire has helped the Ministry of Education to use data to propose locations for the 75-85 MCC-funded secondary schools. Optimal location of these schools will help keep more adolescent girls in school, empowering them economically, and contributing to the PEPFAR goal of reducing their risk of contracting HIV. To date, 265 organizations have been involved and 89 Ivoirian fellows have completed data science training and have been placed within ministries and organizations at the national and regional levels to augment their use of data – the start of a deeper ecosystem approach to better development outcomes.

Through concerted efforts of all partners involved, the DCLI program managed to achieve gender parity in program participation (49 percent and 45 percent in Tanzania and Côte d'Ivoire, respectively). A collaboration with the Stanford [Women in Data Science](#) initiative led to highly attended events in Abidjan and Dar es Salaam, with 100 percent women on the podium. Overall, the program has helped to highlight the opportunity to empower women economically by providing them the data skills needed to access the growing global digital economy and changing global workforce.

Efforts to Advance Global Development

MCC actively engages with the private sector throughout the development and implementation of its threshold programs and compacts to spur economic growth in partner countries. By holding its partner countries accountable to high standards of good governance and by capitalizing on private investment and expertise, MCC is delivering development results and creating new opportunities for U.S. firms in frontier markets.

Driving Reforms

MCC's strict standards for countries to receive aid have created an incentive for countries to make reforms before even a dollar of MCC assistance is expended, a phenomenon called the "MCC Effect." A country understands that becoming eligible for an MCC compact means more than just grant funding – it is a signal to the world that the country is on a positive track. It also inspires a sense of pride, sending a message that the United States believes it has the political, social and economic potential for long-term progress. MCC's selection criteria encourage countries to reform policies, strengthen institutions, and improve data quality in order to boost their performance in the areas of economic freedom, ruling justly, and investing in their people, as measured by the MCC scorecard.

MCC programs seek to address barriers to growth and sustain significantly increased levels of income for beneficiaries long after compact programs end. To achieve this goal, a compact is implemented in tandem with a broader development strategy. During the compact development process, MCC and the partner country examine conditions surrounding the proposed compact and develop a plan for policy reform that will maximize the compact's impact and sustainability. The partner government must succeed in making crucial policy changes before funding is released and continue with others to improve the operating and policy environment during implementation. These policy reforms ultimately support the conditions necessary for continued growth and investments.

Creating New Opportunities for Economic Growth

Women's Economic Empowerment

Strengthening economic opportunities for women is fundamental to MCC's mission to reduce poverty through economic growth. As part of its data-driven model, MCC consistently works with partner countries to unlock the economic potential of women and overcome financial, legal, and cultural barriers that prevent women from fully engaging in their countries' economies.

Since its inception, MCC has mandated the integration of gender into its country programs. Gender analysis and a rigorous evidence base inform all aspects of MCC's work, from selecting country partners to identifying gender-responsive economic growth constraints, to supporting partner governments to enact legal and policy changes. Each MCC compact and threshold program requires a Social and Gender Integration Plan, which provides a comprehensive roadmap for social inclusion and gender integration throughout program implementation. MCC supports activities to expand income-generating activities and employment opportunities for women, to increase women's access to land, education, and skills

development, and to enable women-owned businesses to take advantage of new market opportunities. Through its compact and threshold programs, which include significant assistance for policy and institutional reform as well as infrastructure, MCC lifts up the U.S. government's ability to change the landscape of women's economic empowerment around the world.

MCC's work aligns with the Trump Administration's Women's Global Development and Prosperity (W-GDP) initiative, launched in February 2019. MCC's programs reinforce the three pillars of the W-GDP initiative, which focus on (1) Women Prospering in the Workforce; (2) Women Succeeding as Entrepreneurs; and (3) Women Enabled in the Economy. MCC supports the W-GDP initiative's ambitious, integrated framework to align the experience, commitment, and expertise of the U.S. government's international development agencies to advance women's economic progress around the world.

Prosper Africa

Prosper Africa is a U.S. government initiative that unlocks opportunities to do business in Africa – benefiting companies, investors, and workers in Africa and the United States. Prosper Africa brings together the resources of more than 15 U.S. government agencies to connect U.S. and African businesses with new buyers, suppliers and investment opportunities, making it easier for companies to access U.S. government trade and investment support services.

Catalyzing private investment for development has been fundamental to MCC's work since its founding, and MCC's support of economic growth in Africa delivers mutual benefits to the United States and our partners on the continent. Each U.S. government agency provides a unique contribution to Prosper Africa, and MCC's compacts are effective in promoting long-term growth through infrastructure investments and a focus on improving the business climate.

Blended Finance

MCC has continued to develop and hone an approach in blended finance that allows for expanded participation of the private sector, leveraging additional investments in and around MCC programs.

Blended finance pools public and private sector funding into structured investments to advance the Sustainable Development Goals. MCC has developed a suite of blended finance tools, including leveraged grant facilities, public-private partnerships (PPPs), financial guarantees, and impact investing.

MCC catalyzes private investment by partnering with countries so they undertake reforms and measures to partner more effectively with the private sector in order to provide key public services that will increase productivity and investment. For example, programs in El Salvador and Guatemala helped to bring up to eight PPP projects to market, and the threshold program in Honduras helped with managing four signed PPP projects. MCC also provided internationally recognized Certified PPP Professional (CP3P) training to representatives of the public and private sectors in these three countries. The El Salvador Investment Challenge facility also is funding \$75 million of public goods (e.g., roads, water treatment plants, and workforce development) needed to support \$150 million of private investment in El Salvador.

Building on collaboration that began in fiscal year 2018, MCC again commissioned the Economist Intelligence Unit to develop Infrascopes assessments of the enabling environments and the readiness for PPPs in six additional countries in Africa (Côte d'Ivoire, Ghana, Lesotho, Liberia, Niger, and Zambia), one additional country in the Middle East/North Africa region (Tunisia) and one additional country in Asia (Nepal). Infrascopes is a global public good that has several uses for various audiences. For project sponsors, it can assist in and lower the cost of market entry by providing helpful country research. For donors and governments, it can assist in the policy dialogue about PPPs. For MCC, it can assist in due diligence, while also serving as a source of indicators as part of monitoring and evaluation plans.

MCC leveraged grant facilities have attracted co-funding from private sector partners in renewable energy projects in Indonesia and Benin, and industrial zone developments in Morocco. In Côte d'Ivoire, MCC supports advisory services to develop a logistics center PPP between trucking companies and the government. In Benin, MCC is supporting a PPP to increase private sector involvement in new solar energy plants. MCC also supports two major programs to catalyze co-financing with local private sector and governmental entities: in Kosovo, to enhance commercial banks' project-based lending, and in El Salvador, to catalyze a pipeline of private investment. MCC is also examining ways to leverage lending instruments offered through other U.S. government agencies like the U.S. International Development Finance Corporation to decrease risks of investing in partner countries.

Since August 2009, MCC has made annual grants to the Public-Private Infrastructure Advisory Facility (PPIAF) to support PPIAF's work program. PPIAF, a trust fund managed by World Bank on behalf of 11 donors, is the leading donor in global PPP facilitation. PPIAF's mandate is to help increase private sector participation in infrastructure and thereby achieve sustainable development by focusing on the so-called critical upstream enabling environment. As such, it is the only global facility focused on strengthening the institutional requirements for engaging the private sector in infrastructure development and finance. PPIAF provides technical assistance grants to governments to support the creation of a sound enabling environment for the provision of basic infrastructure services by the private sector and to facilitate PPP transactions and pioneering deal structures. PPIAF's grants help governments frame infrastructure strategies; develop consensus around them; design specific policy, institutional, and regulatory reforms; and build government capacity to design, execute, supervise, and regulate PPP arrangements. Through its subnational technical assistance window, PPIAF also assists local governments and entities such as utilities or financial intermediaries to access private capital markets without sovereign guarantees.

Through these efforts, MCC aims to attract private sector participation, multiplying the impact of each dollar spent, as well enhancing the long-term sustainability of programs.

Reducing Poverty Through Growth

